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The missing piece in most advisor succession plans
By Rob Burgess
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Few advisors have a formalized succession plan in place. But when advisors finally do commit to planning their exit, experts say the difference between a stalled exercise and a successful transition often comes down to one factor: a clear timeline.

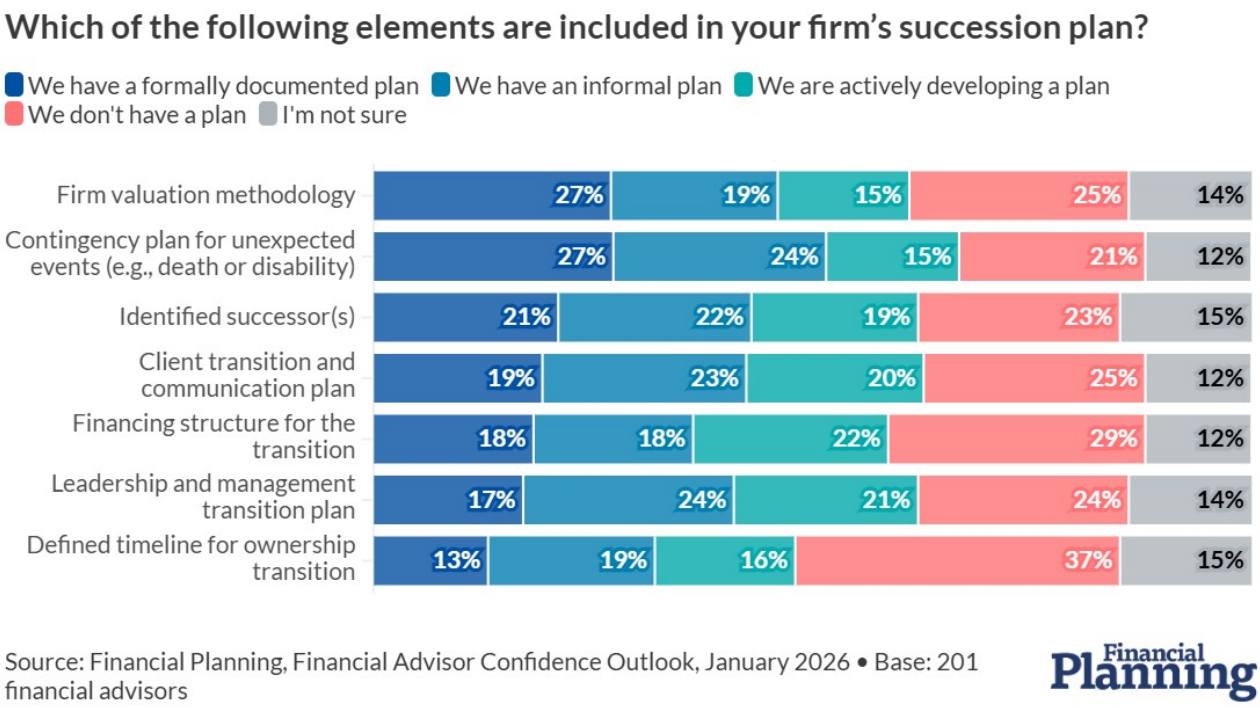
Research from Financial Planning's Financial Advisor Confidence Outlook (FACO) survey show that while many firms recognize the core necessities of a succession plan — including valuation methodology, contingency planning and identifying a successor — far fewer translate those elements into a structured plan for ownership transition.

That disconnect is familiar to Craig West, founder and executive chairman of exit planning consultancy Succession Plus and author of "Exit Like a Boss: 21 Step Challenge." In his experience, most advisory firms still expect ownership transition to begin within the next five to seven years, even as many remain early in the planning process.

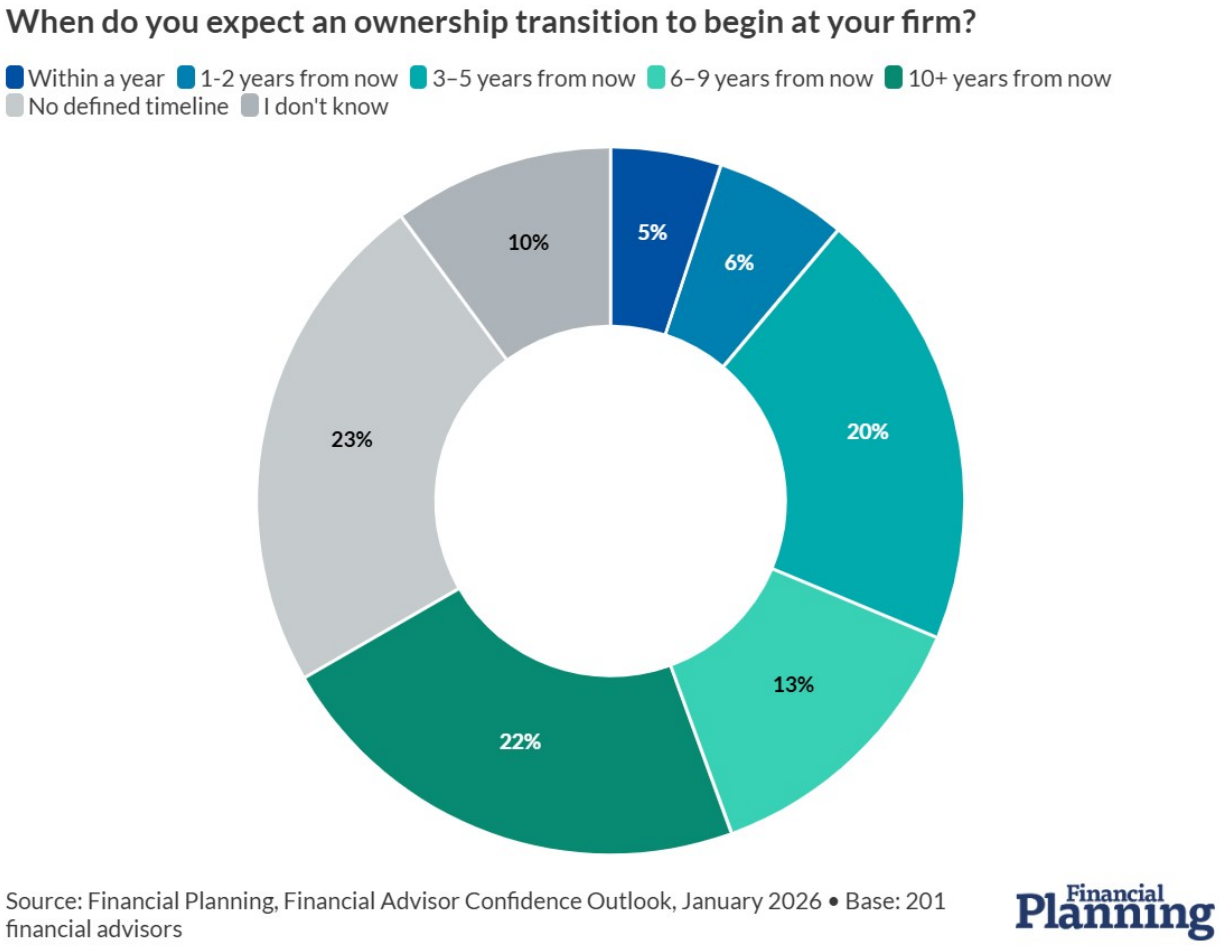
When firms commit, West said, the most complete succession plans incorporate a defensible valuation methodology, a contingency plan for unexpected events, clearly identified successors, a structured client transition and communication plan, a financing framework, a leadership and management transition roadmap and a defined timeline for the ownership handover.

"Gaps typically emerge when firms skip steps," he said.

Timelines remain weak link
FACO data underscore how frequently timelines remain uncertain or unresolved. A "defined timeline for ownership transition" was the most commonly missing element among respondents who either had a formal, informal or work-in-progress succession plan.



And more than half of surveyed advisors (55%), said they either didn't know, had no defined timeline or were at least a decade out from initiating a plan.



The obstacles behind those gaps are predictable, West said, and extend beyond timeline troubles to include uncertainty around unexpected events, difficulty choosing successors and inconsistent leadership buy-in.

"Financing and valuation also create hesitation, particularly when owners fear leaving money on the table or disrupting client confidence," he said. "These barriers are precisely why a structured, sequential approach matters — it de-risks the transition by forcing disciplined planning rather than relying on ad-hoc decisions."

What holds many advisors back isn't a lack of awareness, said Linda Jensen, a certified exit planner and author of the book "What Is Your Exit Strategy?" It's discomfort.

"Valuation uncertainty, reluctance to name successors and avoiding conversations about unexpected events are common obstacles," she said.

"Ideally, an ownership transition should begin years before an exit is expected, not when age, health or market conditions force the conversation," she said.

Currently tackling these obstacles head on is Alvin Carlos, financial planner and

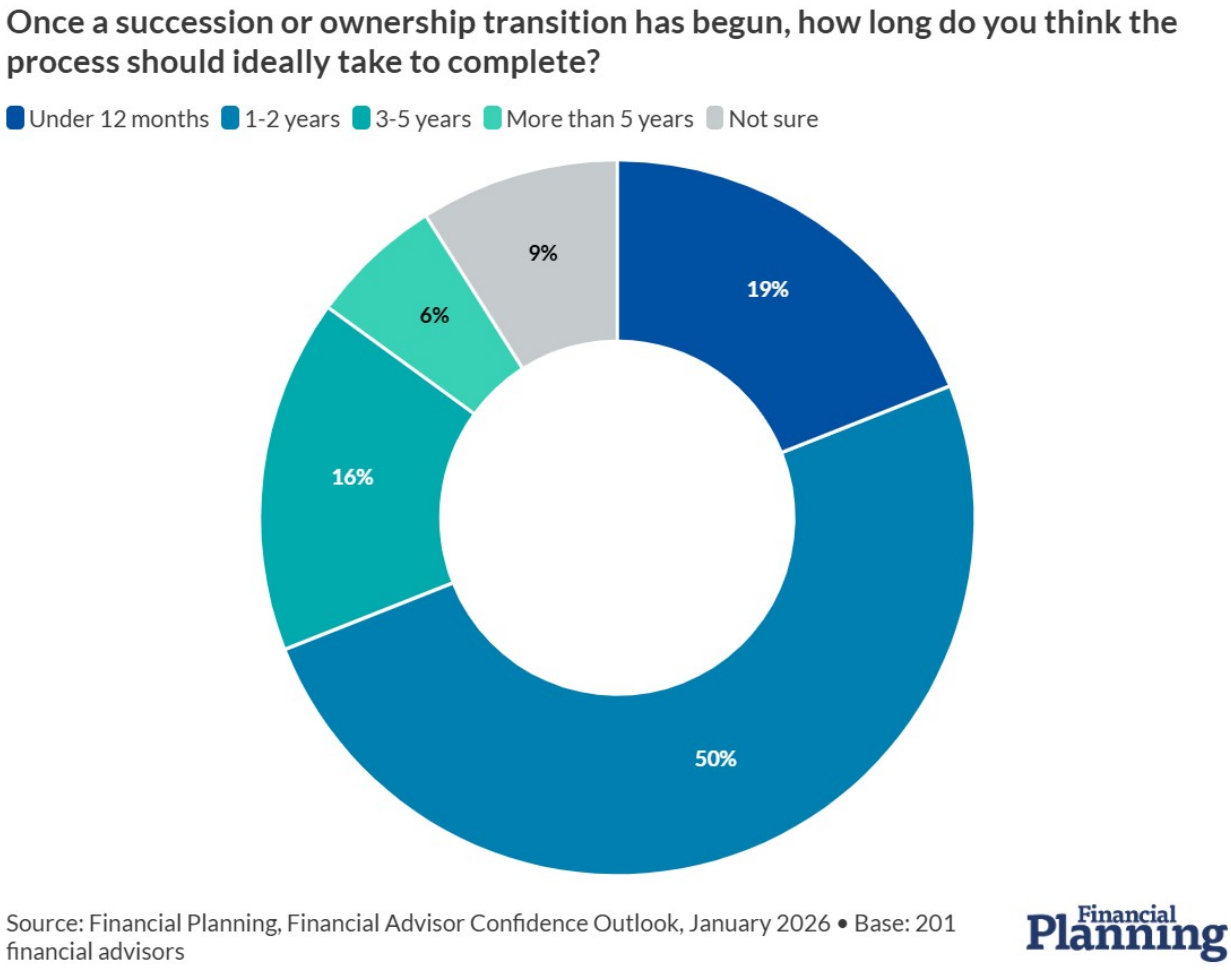
managing partner at District Capital Management in Washington, D.C., who is now discussing his internal succession plans with his team.

Carlos said he just concluded conversations with Ellevate Advisors to come up with an internal succession plan over the next 15 years. This entails his selling a small portion of his stake to eligible employees over time, who will then become co-owners.

His internal succession plan includes details on eligibility, process of becoming a partner, buy-in formula, financing structure and exit clauses, among other elements.

"I believe an internal succession plan will enhance retention of top employees and contribute to the longevity and long-term success of my firm's mission," he said.

So, what should the timeline be?
FACO respondents were also asked, once a succession or ownership transition has begun, how long the process should ideally take to complete. Half said between one and two years.


Once a succession or ownership transition has begun, how long do you think the process should ideally take to complete?
Under 12 months
1-2 years
3-5 years
More than 5 years
Not sure
19%
50%
16%
6%
9%
Source: Financial Planning, Financial Advisor Confidence Outlook, January 2026 • Base: 201 financial advisors
Financial Planning

Once a transition starts, West said the ideal time frame is between 18 and 36 months. That allows enough time for discovery and valuation through capability development, leadership shadowing, communication and staged equity transfer "without rushing client transition or overwhelming the successor," he said.

Jensen said she believes it should unfold gradually over several years to protect firm value, client trust and continuity.

"Succession isn't a transaction, it's a process, and when it's rushed, everyone pays the price," she said.

In his case, Carlos said his partners will come on board at the start of 2027. In the meantime, he said he will initiate discussions over the next several months with eligible employees.

Carlos said his advice for other advisors is to think about succession planning sooner rather than later or risk failing to capture some of the firm's value.

"Think about whether you prefer to sell to a much bigger RIA, an RIA that's similar-sized or to have an internal succession," he said. "Reflect on your why."

Whatever they choose, Carlos said he recommends engaging a succession planning consultant now.

"They can help you figure out what you want and how best to execute it," he said.